

ASX ANNOUNCEMENT
25 February 2010

Financial results for the year ending 31 December 2009

Results summary¹

(US\$ million)	12 months to 31 Dec 2009	12 months to 31 Dec 2008
Revenue from operations	348.1	107.0
EBITDA	124.7	(16.8)
EBIT	81.9	(45.6)
Net profit after tax	23.2	(40.0)
Net profit after tax attributable to PanAust Limited	19.0	(40.0)

Highlights

- Strong financial result for the first full year of production from the Company's flagship Phu Kham Copper-Gold Operation in Laos
- Group net profit after tax (NPAT) of US\$23.2 million (US\$40.0 million loss for 2008). The result included non-recurring items totalling US\$24.7 million after tax
 - December half 2009 NPAT of US\$39 million (June half 2009 loss of US\$15.8 million) driven by improved production performances and higher average prices for copper, gold and silver
- Strong balance sheet to support PanAust's growth strategy
- Gearing² at 31 December 2009 was 16%

PanAust Managing Director, Gary Stafford, said that the annual result reflects strong December half operational and financial performance which was driven by improved production at Phu Kham, substantially lower finance costs and higher copper and gold prices.

"The 2009 year was very much defined by its halves with copper prices steadily improving from around US\$1.30/lb at the start of the year to well over US\$3.30/lb at year end." He said

"Strong production and cost performance at Phu Kham through the last quarter of 2009 has continued into 2010 with record monthly copper production of 5,904t achieved in January at C1 cash costs³ of US\$0.80/lb,

"PanAust has a strong balance sheet and shareholders can look forward to benefiting from the Company's drive to grow through discovery, acquisition and development."

Commentary on Financial Results⁴

The PanAust Group net profit after tax and non-recurring items for the year ending 31 December 2009 was US\$23.2 million, a US\$63.2 million turnaround from the 2008 year loss of US\$40 million. Non-recurring items after tax totalling US\$24.7 million related to one-off costs associated with financing. Net cash flow from operating activities was US\$36.2 million (US\$6.0 million for 2008).

The 2009 year was the first full year of commercial production at the Company's Phu Kham Copper-Gold Operation in Laos. Phu Kham achieved total copper production for the year of over 54,000t of copper at a competitive average C1 cash cost of US\$0.97/lb copper after precious metal credits from 56,759oz of gold and 440,306oz of silver.

Sales of concentrate for the year totalled approximately 231,850t containing 55,043t copper, 45,423oz gold and 449,254oz silver. A further 12,541oz of gold was contained in sales of gold doré from the Phu Kham Heap Leach Operation. The average copper price realised for sales during the year (after accounting for short-term hedging over the quotational period under copper sales contracts) was US\$2.37/lb.

Production was skewed towards the December half and particularly the December quarter which saw record quarterly production performances achieved as a result of scheduled higher average ore grades and improved metallurgical recovery rates. These improvements coincided with higher average prices for copper, gold and silver.

Funding

PanAust significantly strengthened its balance sheet during 2009. Approximately A\$191 million of equity capital was raised during the June half, including a share purchase plan and an entitlements offer which received strong support from PanAust shareholders. Part of the proceeds raised was used to retire US\$80 million of subordinated debt.

In May 2009, PanAust entered into an agreement with major Chinese investment group, Guangdong Rising Assets Management (GRAM), for GRAM to invest a total of approximately A\$216 million (US\$177 million) in PanAust to acquire a 19.9% cornerstone investment. The investment was concluded in September 2009 and US\$100 million of the funds received were applied to retire project debt.

At 31 December 2009, PanAust had cash of US\$88.2 million, project debt of US\$63.0 million and a mobile equipment lease facility of US\$39 million.

Outlook

Financial Guidance

PanAust Group EBITDA for the 2010 year is expected to be between US\$165 million and US\$225 million, at copper prices of between US\$2.50/lb and US\$3.00/lb respectively⁵.

This is based on forecast 2010 production for Phu Kham Copper-Gold Operations of 60,000t to 63,000t of copper, over 43,000oz gold and 300,000oz of silver, at an average C1 cash cost after precious metal credits of between US\$0.95/lb and US\$1.05/lb copper. The lower forecast gold output compared with the 2009 year reflects the planned closure of the Heap Leach Operation where production is expected to conclude early in the June quarter 2010.

Growth through discovery, acquisition and development

With a strong balance sheet and access to free cash flow from Phu Kham, PanAust is well positioned to pursue a strategy of growth through discovery, acquisition and development.

The Company's 2,636km² Contract Area in Laos is highly prospective for copper and gold and remains under-explored, offering excellent potential for the discovery of significant new resources.

Feasibilities studies on the Ban Houayxai Gold-Silver and Puthep Copper Projects and the review of the previous Phu Kham Expansion study are all nearing completion and each of these assets offer opportunities for organic growth over the next three years.

PanAust is also pursuing acquisition opportunities globally, with a preference for producing or pre-development stage copper assets that could support attributable, annual production of 50,000t of copper (or copper equivalent).

For further information contact:

Mr Allan Ryan
Investor Relations Manager

Natalie Whale
Communications Manager

PanAust Limited
Tel: +61 7 3117 2000
Email: info@panaust.com.au
Website: www.panaust.com.au

Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast operating costs, financial performance, potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of PanAust Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Notes

¹ PanAust's assets in Laos are held by Phu Bia Mining Limited (PBM). The Government of Laos (GoL) has exercised its right to acquire a 10% interest in PBM. Results referred to in this announcement reflect 100% ownership of PBM. The GoL minority interest has been recognised in the net profit after tax attributable to PanAust Limited.

² Gearing = debt / (debt + equity)

³ Brook Hunt convention for reporting of direct cash costs comprising: mine site, concentrate transportation and freight, treatment and refining charges and marketing costs. Based on payable copper in concentrate produced, after precious metal credits.

⁴ Financial data for the year ending 31 December 2009 presented in this announcement are sourced from the Financial Statements for the year ending 31 December 2009 lodged by PanAust Limited with the Australian Securities Exchange. This document should be referenced to provide the appropriate form and context for such data.

⁵ Assumes gold and silver prices of US\$1,000/oz and US\$16/oz respectively and US\$0.78/litre diesel fuel cost.